

CA WORKERS COMPENSATION MEDICAL TREATMENT STUDY

The Department of Industrial Relations (California Commission on Health, Safety and Workers' Compensation and the Division of Workers' Compensation) has asked RAND to examine the cost and quality issues affecting care provided to California injured workers and to assess strategies to improve the quality and efficiency of medical services. This paper provides an overview of the project.

Background

The strengths and weaknesses of the medical care system for California's injured workers have been documented in studies addressing key dimensions of care: access, cost, utilization, quality and stakeholder satisfaction. However, the studies were completed prior to the recent enactment of statutory provisions intended to slow the rate of growth in workers' compensation expenditures and most have focused on particular aspects of medical treatment. With the significant changes that are being made in CA workers' compensation program, a broad-based study is needed that documents what have been the major issues in medical care, discusses the likely implications of the new statutory provisions on incentives to provide high quality care in an efficient manner, and analyzes the major policy issues that either have not been addressed or are likely to arise as the new legislation is implemented. The issues are complex and addressing them requires an assessment of what can be learned from other workers' compensation programs, non-occupational health insurance programs, and managed care organizations about strategies to improve the efficiency and quality of medical care and how they might be applied to the California workers' compensation program.

Overview of Major Tasks

The study focuses on strategies to improve the quality and efficiency of medical services furnished to CA injured workers. We have clustered our analysis of cost containment and quality issues into five major tasks. The five major tasks are:

- Task I: Identify the most important utilization and cost drivers and quality-related issues affecting medical care provided to CA injured workers
- Task II: Analyze best practices in quality assurance/quality improvement/cost containment strategies for applicability in CA workers' compensation
- Task III: Evaluate utilization guidelines and make recommendations regarding adoption for the CA workers' compensation program
- Task IV: Analyze issues related to refinement and expansion of Medicare-based fee schedules
- Task V: Design system for monitoring access, cost, and quality

Task I is a formative evaluation to identify the major problems affecting the quality and efficiency of medical care provided to CA injured workers. We will draw on existing studies, available trend and benchmarking data, and stakeholder interviews in performing the evaluation. The issues that are identified through this assessment are the areas that will be targeted for additional analysis and investigation of potential strategies

for improvement in the remaining tasks. An interim report on this task will be completed in August 2004.

Task II will follow with a report on “best practices” and “lessons learned” from other workers’ compensation and non-occupational health programs to improve quality and/or contain costs and an assessment of their potential applicability to the CA workers’ compensation program. The purpose is to provide a focused inventory of strategies that have been employed successfully in other workers’ compensation programs and in non-occupational health programs and consider how such strategies might be used to address the major problem areas identified in Task 1. Given the new legislation, we anticipate our efforts will focus on the use of physician networks, application of utilization review guidelines, and appeal processes for medical disputes. We will draw on existing studies, regulatory and insurance rules, and expert interviews in completing this task. The findings from this task will be included in the final report that is scheduled for completion by June 15, 2005.

The next two tasks relate to meeting specific and immediate needs resulting from SB 228. Task III is an evaluation of utilization review guidelines that might be considered for the CA workers’ compensation program. It involves a survey of existing guidelines and comparative analysis of guidelines using a variety of measures. First, we will screen guidelines for consistency with the legislative criteria and features preferred by the Department of Industrial Relations; guidelines that pass will go on for additional evaluation. Second, we will use an established guideline appraisal instrument to evaluate the quality of guideline development. Third, we will assess whether guidelines contain the content required by the legislation, specifically that they “address, at a minimum, the frequency, duration, intensity, and appropriateness of all treatment procedures and modalities commonly performed in workers’ compensation cases.” Fourth, we will convene a multidisciplinary expert panel to assess the clinical validity of the guideline overall and with regard to the content required by the legislation. Finally, in conjunction with DIR, we will convene a panel of California stakeholders for discussion of the guidelines. An interim report on this task will be completed by November 15, 2004.

Task IV is to provide impact analyses and other technical assistance DWC needs to address issues that arise in connection with refining and expanding Medicare-based fee schedules in 2005 and 2006. We plan to draw on existing studies and use available data sets to model the impact of the key policy issues. An interim report on the 2005 fee schedule issues will be completed by November 2004; the other issues will be addressed in the final report.

In Task V, we will develop a conceptual framework and design for a system to monitor the access, cost, and quality of care provided to CA injured workers. The results of this analysis will be included in the final report.

Overview of Methods

We propose to use existing studies, data analyses, and medical guidelines as the starting point for each task. The approach allows the CA workers’ compensation program to capitalize on the lessons learned from other workers’ compensation programs and non-occupational health programs. If the CA workers’ compensation program decides to adopt one or more of the strategies used by other insurance programs, our approach should help to anticipate the policy issues that might arise and to avoid some of

the pitfalls and developmental costs typically associated with implementing a new program. After synthesizing and analyzing available information, the methods we use to complete the necessary analyses and develop our findings and recommendations will vary by the nature of the task. For several tasks, we will interview experts and stakeholders in workers' compensation medical treatment to identify issues and clarify policy choices. We will use an expert panel to make recommendations on utilization guidelines. We will use administrative (claims) data to simulate policy choices in implementing the new fee schedules.

Timetable for Deliverables

Based on the priorities articulated for the study and SB 228 requirements, we are concentrating our initial efforts in three areas: (1) identifying the factors contributing to the rising costs and utilization of medical care; (2) evaluating utilization guidelines and making recommendations regarding their adoption for the CA workers' compensation program; and (3) analyzing issues related to expansion of the Medicare-based fee schedules to additional services in 2005. Interim reports on these topics will be submitted in 2004. The entire study will be completed by June 15, 2005.